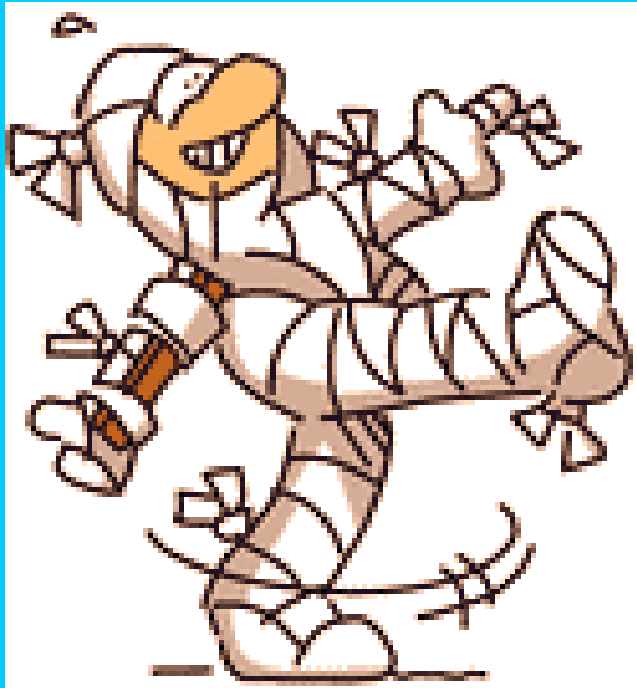


# RESERVE CAREER INFORMATION TRAINING COURSE

## RESERVE COMPONENT SURVIVOR BENEFIT PLAN



- Honey, I guess the time has come for me to leave this world and hope I can get in to the other one. I left you RC-Survivor Benefits I hope it's enough. Take care of yourself and Junior.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN LEARNING OBJECTIVES

- Describe the Reserve Component-Survivor Benefit Plan (RC-SBP)
- Describe the Supplemental Survivor Benefit Plan (SSBP)

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- 1. Reserve Component-Survivor Benefit Plan (RC-SBP)
- a. Enacted into law on October 1, 1978. It was established as a means of providing a survivor annuity to eligible beneficiaries of Reservists who became eligible for retired pay, but who have not yet reached age 60. This plan offers reservists the opportunity to provide monthly benefits to their survivors of up to 55% on the retired pay expected/receiving.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- b. An RC-SBP information booklet containing an option election certificate is forwarded via certified mail as part of the member's Notification of Eligibility (NOE) for retired pay on or after age 60. Members will have 90 days from the date of receipt to file an election. The original Option Election Certificate must be forwarded NAVRESPERSCEN (Code 41) within the 90 day time frame.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- c. If you elect not to participate, or do not respond by the deadline date of your enrollment period, you will, in effect, cause your survivors to lose all benefits if you should die prior to age 60.
- d. Enrollment Options:

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- (1) Option A - decline to participate. If married, spouse must concur with election in writing on application
- (2) Option B - Deferred Annuity. In this option the member elects annuity to begin upon death or member's age 60, whichever occur later.
- (3) Option C - Immediate Annuity. Member elects annuity to begin upon member's death, regardless of age.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- e. Cost
- (1) There are no payments due for RC-SBP coverage until age 60 and begin receiving retired pay. The cost will be deducted from gross retired pay each month by the Navy Finance Center
- (2) The total cost for participation in RC-SBP is composed of two premiums and based on the level of coverage selected as follows:

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- (a) The actual cost of coverage before age 60 and;
- (b) A Survivor Benefit Plan (SBP) cost for coverage after age 60.



# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- f. Level of Coverage - A member may elect to provide RC-SBP coverage for a survivor based on the full amount of monthly retired pay or a reduced amount, but not less than \$300. If retired pay will be less than \$300, full coverage must be selected.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- g. Annuity
- (1) The annuity payable to a spouse /former spouse beneficiary under age 62 will be 55% of the monthly amount of retired pay selected.
- (2) The annuity payable to a spouse /former spouse beneficiary over age 62 will be 35% of the monthly amount of retired pay selected.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- (3) The annuity payable to eligible child beneficiary will be 55% of the monthly amount of retired pay selected.
- (4) The annuity payable to a person named as an eligible insurable interest beneficiary will be 55% of the monthly amount of retired pay.

## *COST OF SBP*

### **Cost = Premium**

Varies depending on the category of beneficiary member elects to cover and the base amount

**Spouse only or former spouse  $\approx 6.5\%$**

**Other coverage including coverage for children will be slightly more than 6.5%**

**Insurable Interest - 10% of base amount plus 5% of the base amount for each 5 year age difference**

# *ANNUITY*

- Monetary benefit of SBP is 55% of base amount
  - Spouse reaches age 62, Social Security kicks in and annuity reduced to 35% of the base amount
- Cost of Living Allowance (COLA) increases the cost and the annuity increases an equal amount

# *SBP - COST & ANNUITY*

## *(EXAMPLES)*

### ■ Monthly Amounts

■ Active Duty Pay:	\$2000
■ Retainer/Retire Pay	\$1000

■	<u>Joy</u>	<u>Dan</u>	<u>Joe</u>
■ Elected Base Amount	1000	600	300 <sub>MIN.</sub>
■ SBP Cost (Spouse only max 6.5%)	65	27	8
■ Survivor's Annuity (55% of Base)	550	330	165
■ Annuity @ age 62 (35% of Base)	350	210	105

## *RESERVE COMPONENT-SURVIVOR BENEFIT PLAN (RC-SBP)*

- Allows Naval Reserve personnel to insure a portion of their retirement income
- Election of coverage must be made within 90 days of being officially notified that they are retirement eligible (receive Notice of Eligibility)

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- 2. Supplemental Survivor Benefit Plan (SSBP)
  - a. Member participating in basic RC-SBP at the maximum level for a spouse or former spouse may purchase additional coverage, referred to as SSBP, that can increase their survivor's post age 62 benefits.
  - b. Participation in SSBP is totally voluntary and requires an affirmative election by member.



## RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- c. To increase the survivor's post age 62 annuity from 35% to 40, 45, 50, 55%, a member must purchase one, two, three, or four units of SSBP coverage.
- d. The election for SSBP must be made at the time of the election of RC-SBP
- e. Premiums are based upon a participant's age on his or her birthday nearest to the effective date of the election.

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- 3. Provisions to change RC-SBP and SSBP elections.
- a. There are circumstances under which participants need to change his or her participation:
  - (1) The loss of a spouse/former spouse beneficiary after election in RC-SBP does not terminate participation in the Plan. The costs associated with such type of coverage are merely suspended. In the event of remarriage there are three options available:

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- (a) Continue same coverage as before
- (b) Increase the coverage as before up to the full amount of retired pay (if reduced coverage was previously selected).
- (c) Not to provide coverage for the new spouse.



# SSBP (EXAMPLES)

## • Monthly Amounts

• Active Duty Pay:		\$2000		
• Retainer/Retire Pay		1000		
•	<u>Joy</u>	<u>Dan</u>	<u>Joe</u>	
• Elected Base Amount	1000	600	300 <sub>MIN.</sub>	
• SBP Cost (Spouse only max 6.5%)	65	27	8	
• Survivor's Annuity (55% of Base)	550	330	165	
• Annuity @ age 62 (35% of Base)	<del>350</del>	210	105	

**Cost is based on member age at the time of election and number of units**

# RESERVE COMPONENT SURVIVOR BENEFIT PLAN

- (2) If no eligible spouse or child at enrollment period, may request an election change to Option B or C within one year of obtaining a spouse and/or child. The election change must be made in writing and submitted to NAVRESPERSCEN (if not retired with pay). Documents such as marriage certificate, divorce decree and/or birth certificate must also be provided.

NOW THAT YOU HAVE COMPLETED THIS COURSE, "PLEASE HELP ME". TELL SOMEONE IN YOUR UNIT ABOUT IT.



- "YOU NOW KNOW ENOUGH THAT YOU CAN HELP YOUR SHIPMATE WITH THEIR CAREER. BUT REMEMBER NEVER GIVE OUT A BETTER THAN A 50/50 CHANCE ON ANYTHING AND YOU WILL BE SAFE".